

POLICY AND RESOURCES COMMITTEE
EXTRACT FROM PART I MINUTES OF THE MEETING HELD ON
16 SEPTEMBER 2020

NN. PROPERTY ACQUISITION 1

The Housing Delivery Manager introduced the report and referenced the Housing Development and Regeneration Investment Plan that was agreed by the Committee in July 2017.

The Committee were informed that of the properties 12 would have two bedrooms and 2 would have one bedroom and parking facilities were available for all properties. Upon completion, the properties would be managed by Maidstone Property Holdings Ltd (MPH). The predicted internal rate of return, calculated on the total Net Market Rental Income meets the financial hurdle rate set for such investments.

Several Members of the Committee expressed doubt in the suitability of the proposed acquisition as they felt that the investment may not necessarily bring about new supply of housing in the market place, as they were homes that would otherwise be available for market sale. Concerns were raised about the lack of social and affordable housing provided and it was clarified that this investment was in accordance with the agreed investment plan which did include affordable housing on other sites.

The Committee considered the investment opportunity and predicted income generated for the Council, as opposed to other methods of increasing income that included an increase in fees and charges and Council Tax. The Committee felt that as the Council's housing company, Maidstone Property Holdings would become the landlord, it would be in a strong position to offer tenancy longevity and a high quality service.

RESOLVED: That

1. The financial returns for the scheme shown at Exempt Appendix 2, which support the Housing Development and Regeneration Investment Plan, be noted;
2. The Director of Finance and Business Improvement be granted delegated authority to enter into a land transaction and development agreement with the developer, together with any related appointments, legal actions, deeds and agreements which may be required to facilitate the purchase;
3. The Head of Mid-Kent Legal Services be authorised to appoint the Solicitors required to complete the necessary contract documentation, heads of terms, deeds and agreements associated with the purchase on the terms as agreed by the Director of Finance and Business Improvement;

4. The Director of Finance and Business Improvement be granted delegated authority to appoint a management organisation on agreed terms to manage the property and the market rental apartments and to procure and award such contracts for any services, including repairs and maintenance contracts as necessary; and
5. The Director of Finance and Business Improvement be granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise the completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.

NN. PROPERTY ACQUISITION 2

The Housing Delivery Manager introduced the report and noted that the properties under consideration were two-bedrooms in size, with parking facilities and private rear gardens, to be let at market rent rates. If purchased, the properties would be leased to Maidstone Property Holdings Limited (MPH). The predicted internal rate of return, calculated on the total Net Market Rental Income meets the financial hurdle rate set for such investments. The properties were well situated in terms of access to local amenities, and the advice received from agents had indicated that a good level of demand for the properties would be achieved as a result.

The Committee considered the scheme's viability, the purchase price and concern with purchasing properties initially intended for market sale. It was confirmed that the discounted purchase price was based on the Council's own valuation advice rather than through the developer's assumed values.

In response to questions it was confirmed that once transferred to MPH a suitable pet policy would be chosen as this was already being discussed by the company. The fees shown within Appendix 2 of the report would be a one-off payment.

The potential for implementing provisions that promoted the let of the properties to local residents, in the first instance, was discussed. It was noted that that officers would explore a local lettings policy for some of the MPH housing portfolio.

RESOLVED: That

1. The financial returns for the scheme shown at Exempt Appendix 2, which support the Housing Development and Regeneration Investment Plan, be noted;
2. The Director of Finance and Business Improvement be granted delegated authority to enter into a land transaction and development agreement with the developer for the sums given in Appendix 2, together with any related appointments, legal actions, deeds and agreements which may be required to facilitate the purchase;

3. The Head of Mid Kent Legal Services be authorised to appoint the Solicitors required to complete the necessary contract documentation, heads of terms, deeds and agreements associated with the purchase on the terms as agreed by the Director of Finance;
4. The Director of Finance and Business Improvement be granted delegated authority to appoint a management organisation on agreed terms to manage the Property and the market rental apartments and to procure and award such contracts for any services, including repairs and maintenance contracts as necessary; and
5. The Director of Finance and Business Improvement be granted delegated authority to grant such lease(s) of the Property as necessary on terms to be agreed, and authorise the completion of such lease(s) and all ancillary deeds and agreements and the Head of Mid Kent Legal Services be authorised to complete the necessary legal formalities for such lease(s) in due course.

Councillor Garten requested that his dissent with the resolution be noted.